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**United States Senate Committee on Foreign Relations
“Political and Economic Developments in Latin America and Opportunities for U.S.
Engagement”
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Chairman Corker, Ranking Member Cardin, Members of the Committee, I’m honored to appear before you today to discuss political and economic developments in Latin America and opportunities for engagement by the United States.

I’ve devoted much of the last 25 years to building cooperation between the United States and Latin America in both the public and private sector. Almost two decades after serving as Special Envoy for the Americas, I am more convinced than ever that despite important differences, the countries of the Western Hemisphere are bound together by common interests and a shared future.

The decision by President Obama to normalize relations with Cuba dominated headlines about the region last year, and deservedly so. It was an historic moment with far-reaching consequences, as I’ll discuss below. But it shouldn’t overshadow the rest of the continent. We have a huge stake in the entire region, an area of 600 million people, on issues ranging from trade, drugs and immigration to energy, education and democracy.

Overall, we face a complicated picture in the hemisphere. But, in my view, the positives are larger than the negatives.

Several countries in Latin America are facing the most serious economic headwinds since the global economic crisis of 2008. For many, the hardships follow an era of robust growth – during which the size of Latin America’s middle class doubled and the percentage of people living in poverty dropped by one-third – thanks in large part to worldwide demand for commodities.

Today, a declining commodities market has hit these countries hard. Brazil’s economy is in the midst of its worst economic performance in decades, with no relief in sight. In Venezuela, with the world’s largest oil reserves, \$30 a barrel oil is compounding the government’s incompetent management and the economy is in free-fall.

While other countries in the region expect growth in 2016, it will be modest at best. The slowdown is raising questions about how far the ripple effects will extend. Will economic hardship increase social unrest, shake up politics and undermine stability? In some countries, this has already occurred or is unfolding now.

In Brazil, President Rousseff faces growing opposition and impeachment proceedings in Congress.

In Venezuela, after a stunning victory at the polls, the opposition claimed the majority in parliament for the first time in 17 years of autocratic rule.

In Argentina, Mauricio Macri swept aside a dozen years of Peronist rule by winning the presidency. One of President Macri's priorities is better relations with the United States.

These developments have led some commentators to see the eclipse of leftist, populist politics in Latin America. While there may be truth in this, it is also true that voters across the region seem decisively non-ideological. They want results. Polls show their priority issues are those of many US voters: jobs, education, equality, trade, energy, health and the environment.

Security remains a major concern across the hemisphere. There is some promising news, such as in Colombia. After three years of arduous negotiations, President Juan Manuel Santos is poised to complete a peace process with the FARC. President Santos is scheduled to visit Washington next month to commemorate the launch of Plan Colombia, the bi-partisan US effort that was essential to turning the tide against the FARC.

Congress's approval in December of \$750 million for the Alliance for Prosperity in Central America is on a smaller scale than Plan Colombia, but its goals are no less urgent. This assistance to Guatemala, Honduras and El Salvador, with strongly drawn conditions, is designed to combat the violence, corruption and poverty that are sending thousands of desperate migrants to our southern border.

The security and humanitarian catastrophe in the Northern Triangle of Central America is far from over. There has been a surge in recent months of women and children migrants seeking to enter the United States. Vice President Biden, who visited Guatemala again last week, has been critical to leading US efforts to address this crisis.

The United States meets Latin America at our border with Mexico. The border is a powerful symbol of what unites and divides us. It also underscores the pre-eminent position of our southern neighbor as a crucial partner of the United States. Few international relationships are as important for our security, prosperity and our future.

Since taking office in 2012, President Enrique Peña Nieto has pushed through dozens of major reforms. New laws have brought competition to telecommunications and the financial and banking sectors. Most notably, he navigated what had been the "third rail" of Mexican politics for nearly 80 years, ending a state monopoly on the oil industry and opening the energy sector to private and foreign investment. This was an historic achievement.

President Peña Nieto faced setbacks in 2015 with a stagnant economy and high-profile episodes of drug-related violence. This year is off to a better start. The capture of Joaquin "El Chapo" Guzman closed an embarrassing chapter. The economy seems poised to

grow. To the government's credit, Mexico is a more stable country than it was a generation ago. Its key challenge today is translating stability into growth.

The United States should lead in creating a North American platform for manufacturing, energy, environment and security. A report authored by Gen. David Petraeus and Robert Zoellick for the Council on Foreign Relations called for a regional strategy that would build on Mexico's reforms and lead to "free and unimpeded movement of goods and services across North America's common borders."

This is just one opportunity for the United States to seize the moment to deepen ties with Latin America while advancing our mutual economic interest and universal values. With Latin American economies slowing, leaders have strong incentives to expand trade and integration with the north, which can also benefit the US economy.

Trade remains an engine for progress. U.S. exports and imports from the rest of the hemisphere have grown 50% during the Obama administration. The United States has free trade agreements with 11 countries in Latin America. Five countries in the hemisphere -- Canada, the United States, Mexico, Peru and Chile -- have a direct stake in the Trans-Pacific Partnership with Asian countries.

Commerce should go hand in hand with support of democracy, human rights and the spread of civil society. This is a natural linkage fueled by immigration, technology and commerce. Integration is altering both Latin America and the United States. As the Economist magazine pointed out, nearly one million Latinos reach voting age in the United States each year. Increasingly, they will help shape US relations with the region.

Traditionally, two frequent laments about Washington in Latin America are that it is either dangerously disengaged or overly meddling -- sometimes at the same time. Bernard Aronson, President Obama's special representative to the Colombian peace process, has used the analogy of a telescope to describe how each side has seen the other. To Latin Americans looking through the small end of the telescope, the United States can loom larger than life. To North Americans looking through the wide end of the telescope, Latin America can seem faintly visible, if at all.

I believe this distortion effect, so true for many decades, is becoming a thing of the past. Latin American countries operate in a global context in which the United States is not the only major actor. Business and cultural ties -- and, yes, changes in US Cuba policy after 50 years -- demonstrate that the United States is a dynamic force in the region.

In Cuba and elsewhere, the United States should be a champion of openness and stronger civil society across Latin America. It should be a relentless, reliable and constructive ally of Venezuelans and others seeking to express their political rights.

Article 1 of the Inter-American Democratic Charter states that "the peoples of the Americas have a right to democracy." Firm commitment to this promise is a measure of US credibility in the region.